PROCURRI

# 3Q2016 Results Briefing

# 10 November 2016




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Please refer to Procurri Corporation Limited's Unaudited Third Quarter and Nine Months 2016 Financial Statements Announcement for the Period Ended 30 September 2016 available at www.sgx.com.

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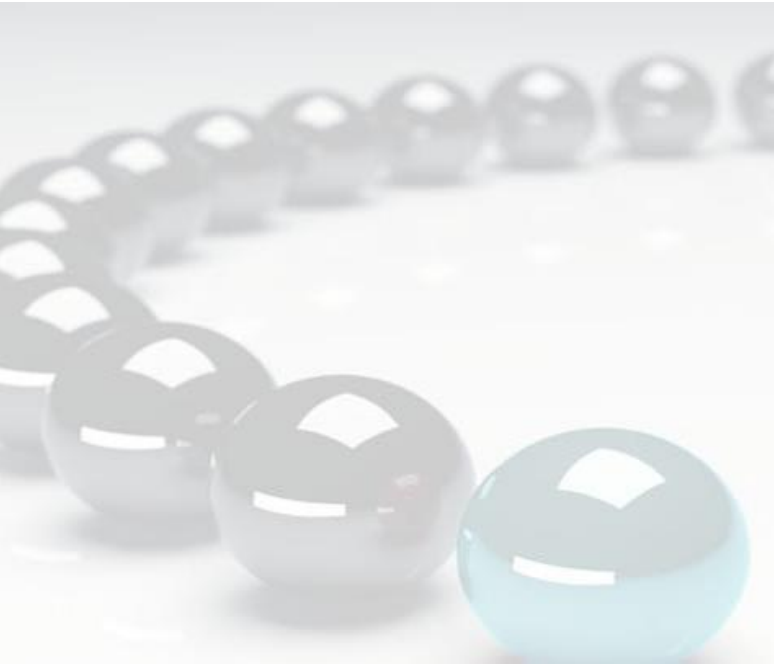
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# Agenda




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# Who We Are



- **Vision**: To unlock opportunities in the IT industry by **changing the way the world buys technology through a sharing platform**
- **Mission**: To be the **global aggregator** of enterprise hardware and services to our channels, offering a **converged network** that combines the **technology**, **finance** and **logistics domains**

## GLOBAL INDEPENDENT PROVIDER

**Data Centre Equipment** & **Lifecycle Services**

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# Procurri At A Glance

## Growing Gross Profit Margin

9M2015 30.9% → 9M2016 34.3%

## Experienced Management Team

with an average of **20+** years of industry experience

## Global Presence

Extensive reach spanning more than **80** countries



## Diversified Product Portfolio

### IT Distribution

#### Hardware Resale

- Vendor-agnostic platform to match buyers and sellers globally
- Consignment option for equipment owners

#### Supply Chain Management

- Provide logistics and distribution services for OEMs in their supply chains

### Lifecycle Services

#### Independent Maintenance Services

- Independent of OEM SLAs
- Extended support for out-of-warranty and end-of-life IT equipment

#### Hardware-as-a-Service

- On-demand computing resources
- CAPEX to OPEX

#### IT Asset Disposition Services

- Holistic reverse logistic services for maximum value from retired technology

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# Agenda




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# Our Competitive Advantages

1



Global Aggregator in Fragmented Market

2



Scalable Business Model

3



Experienced Management Team

4

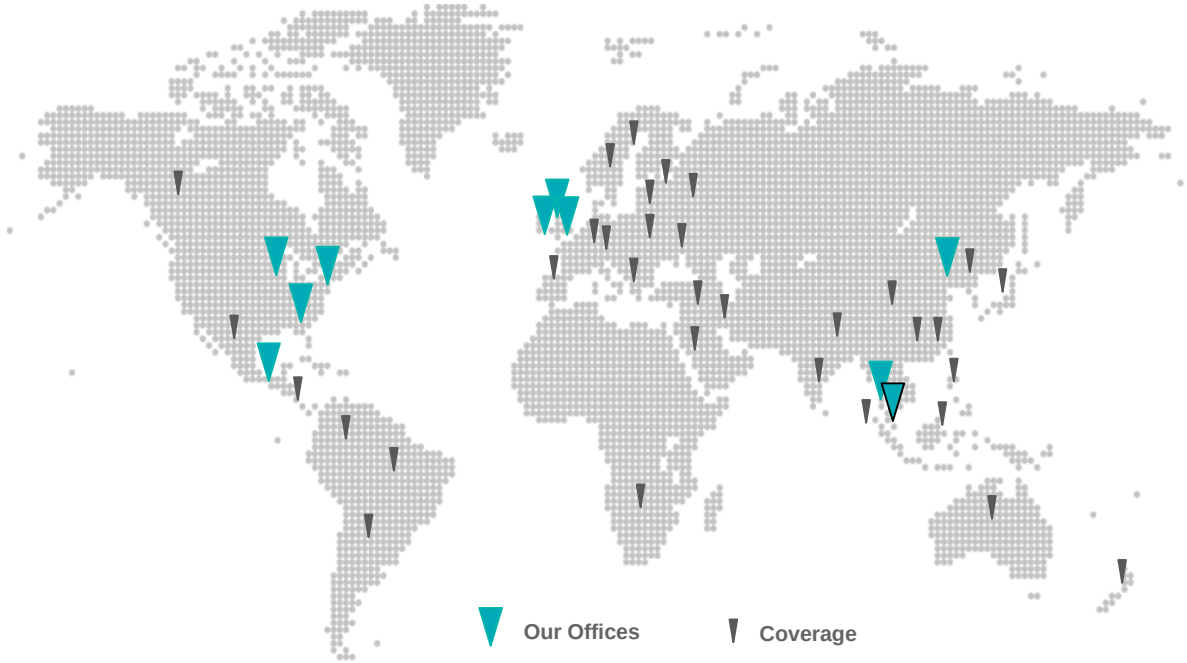


Strong Execution Track Record

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# 1 First Listed Global Aggregator in Fragmented Market

## Global Coverage of more than 80 Countries and 3 Regional Hubs in Singapore, US and UK




TECHNICAL EXPERTISE

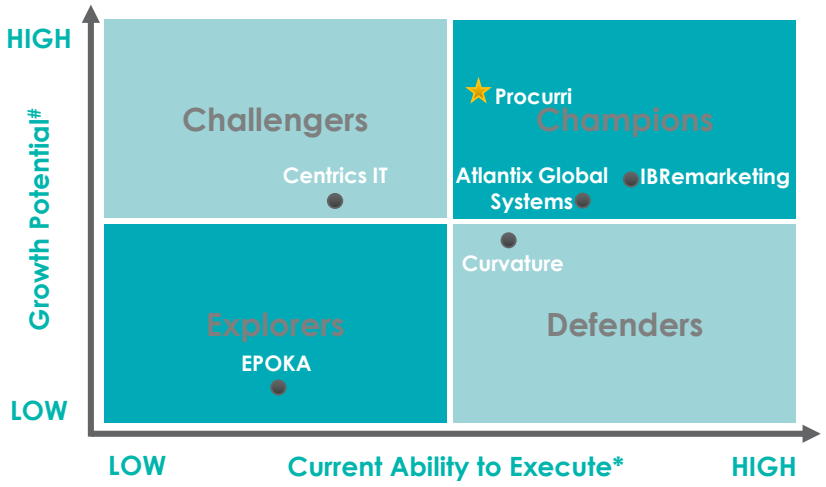
GLOBAL DISTRIBUTION

SUPPLY NETWORK

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# 1 Prominence across All 3 Business Segments

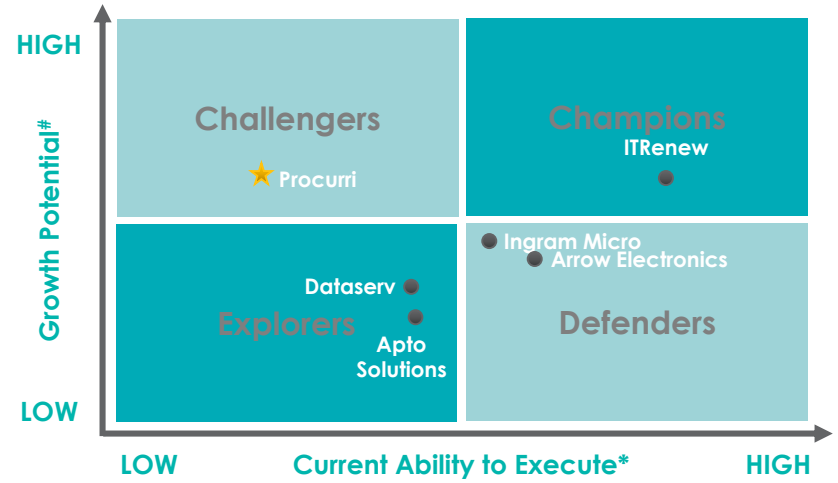
## Hardware Resale Market




## Independent Maintenance Services Market




## IT Asset Disposition Market

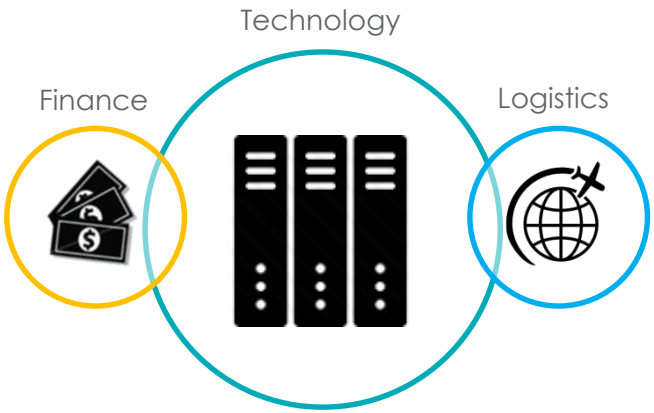



Source: Frost & Sullivan
*Current Ability to Execute includes geographical presence and breadth of product/service
#Growth Potential includes presence in high growth countries and synergy across value chain

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# 2 Scalable Business Model

**First Mover Advantage from Convergence of Technology, Finance & Logistics Domains**




Hardware Resale



Supply Chain Management



Independent Maintenance Services



Hardware-as-a-Service



IT Asset Disposition Services



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# 3 Experienced Management Team

**Average 20+ years of industry experience**



**Sean Murphy**
Global CEO

**AMERICAS**



**Ed Flachbarth**
Global President



**Zack Sexton**
Head, Americas

**EMEA**



**Mat Jordan**
Head, EMEA

**APAC**



**Poh Yee Tiong**
Head, APAC



**Vincent Choo**
CFO

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# 4 Strong Execution Track Record

**2009**
- Oct: Established in Singapore

**2013**
- Apr: Acquisition in U.S.

**2014**
- Apr: Integration of ASVIDA into Procurri Corporation
- May: Acquisition in U.K.
- Jun: Acquisition in Malaysia

**2015**
- Jan: Launched the "Procurri" global brand
- Feb: Acquisition of Procurri Asia Pacific
- Mar: Incorporation in Mexico

**2016**
- Mar: Incorporation in Beijing, PRC
- Jul: Listed on SGX-ST Main Board
- **Nov: First post-listing acquisition in the UK**

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# Agenda




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# 9M2016 Key Highlights

- Excluding IPO expenses, net profit grew 26.7% to S$5.0 million for 9M2016

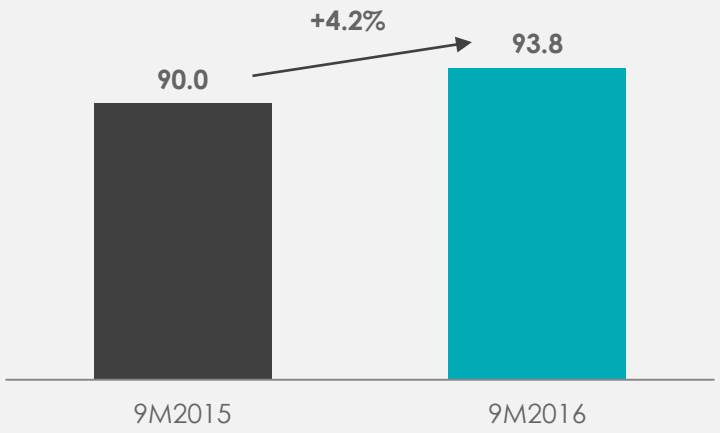
- Gross profit margin expands to 34.3% for 9M2016, underpinned by higher sales to value added resellers for IT Distribution and economies of scale achieved for Lifecycle Services

- EAF acquisition aligns to growth plans for the higher-margin Lifecycle Services segment, to reinforce recurring revenue streams and income resilience

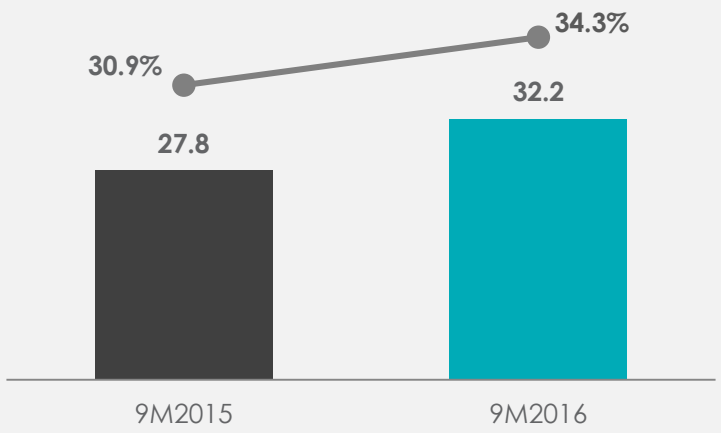
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# 9M2016 Financial Highlights

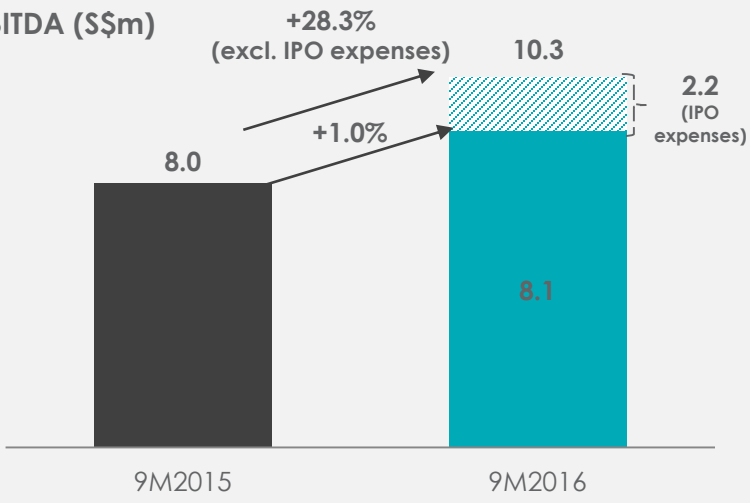
## Revenue (S$m)



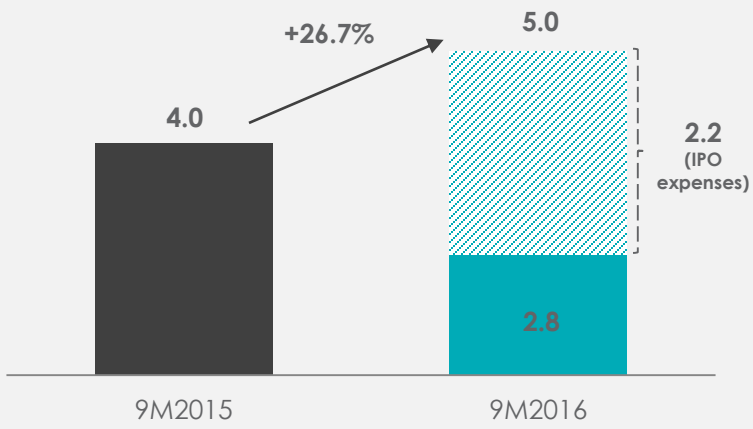

## Gross Profit (S$m) and Gross Profit Margin (%)




## EBITDA (S$m)



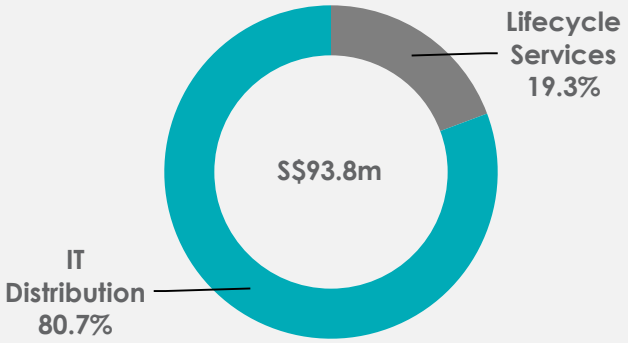

## Net Profit before IPO expenses (S$m)



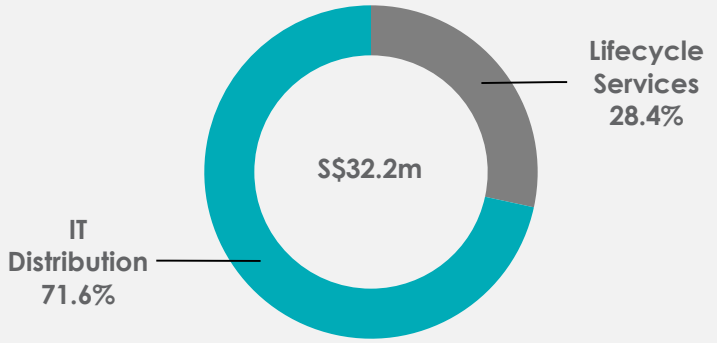

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# 9M2016 Performance by Business Segment

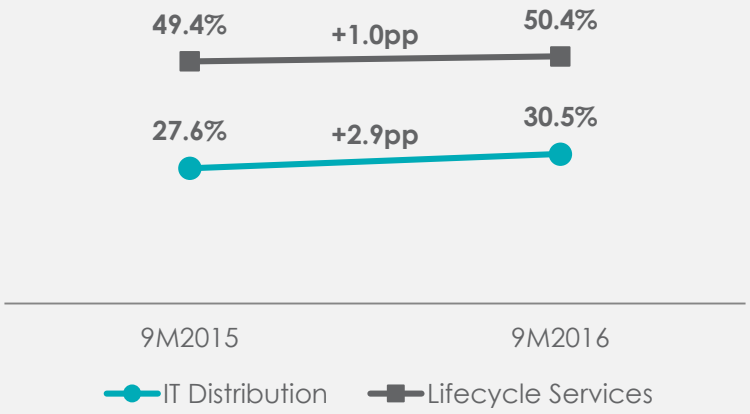
## Revenue (S$m)




## Gross Profit (S$m)




## Gross Profit Margin (%)




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# 9M2016 Balance Sheet Highlights

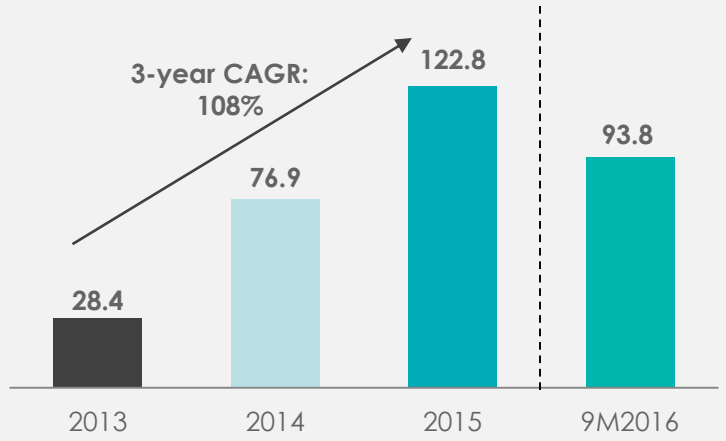
| S$'000 | As at 30 Sep 2016 |
|---|---|
| **Current Assets** | **81,084** |
| Inventories | 13,697 |
| Trade and other receivables | 29,103 |
| Cash and bank balances | 31,126 |
| Other Current Assets | 7,158 |
| **Non-current Assets** | **25,652** |
| Intangible Assets | 14,513 |
| Plant and equipment | 8,843 |
| Other Non-current Assets | 2,296 |
| **Current Liabilities** | **36,316** |
| Trade & other payables | 14,109 |
| Loans and borrowings | 17,358 |
| Other Current Liabilities | 4,849 |
| **Non-current Liabilities** | **5,844** |
| **Shareholders' Equity** | **64,576** |
| **Total Equity & Liabilities** | **106,736** |

| Key Ratios | 30 Sep 2016 / 9M2016 |
|---|---|
| **Gearing** | |
| Current ratio | 2.23 |
| Debt-equity ratio | 0.35 |
| **Interest Cover Ratio** | 9.06 |
| **Basic EPS (cents)** | 1.24; 2.19 (before IPO expenses) |

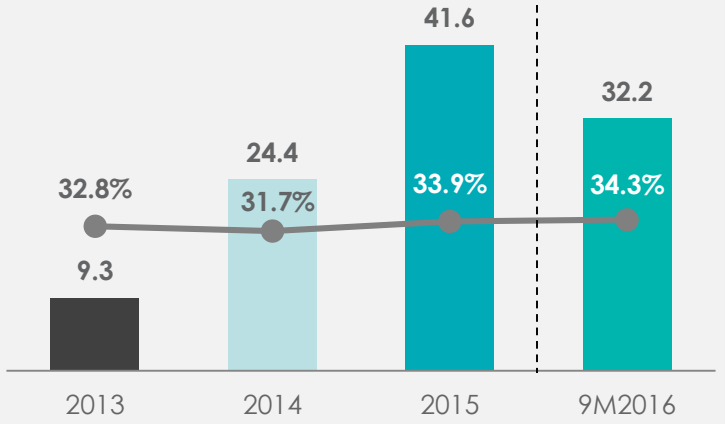
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# Financial Highlights

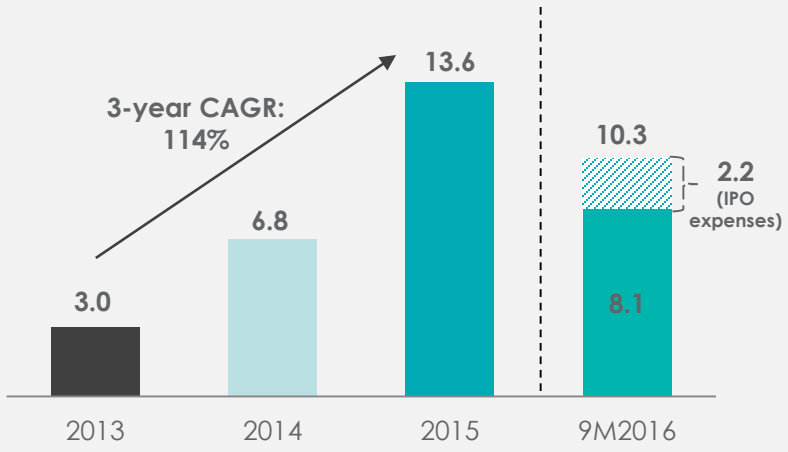
## Revenue (S$m)



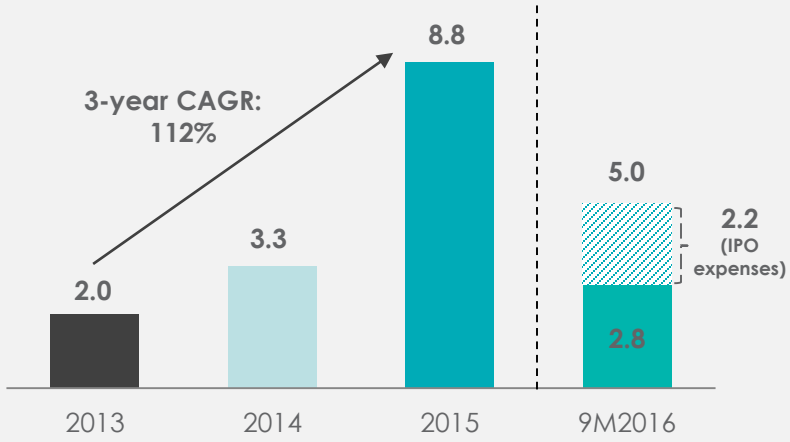

## Gross Profit (S$m) and Gross Profit Margin (%)




## EBITDA (S$m)




## Net Profit after Tax (S$m)




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# Agenda




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# Strengthening Lifecycle Services with First Post-Listing Acquisition

- Acquires 100% of EAF Supply Chain Holdings Limited ("**EAF**") for £1.5 million

- Why EAF?
  - A strategic fit in the Group's Independent Maintenance Services business offering
  - A rational move to consolidate one of Procurri UK's long-standing supplier for its maintenance services needs
  - An efficient ramp-up of Procurri UK's Lifecycle Services business segment with the addition of EAF's 3 offices in the UK, 55 stock locations and more than 2,000 collect and drop-off points across Europe
  - Augmented cross-selling opportunities through EAF Group's list of reputable customers, which includes global IT companies and resellers such as HP, IBM, Dell and Fujitsu

- Aligns with Procurri's plan to grow its higher-margin Lifecycle Services business segment to provide a recurring income stream for better earnings visibility

- Sensible steps will be taken to streamline EAF's current operations for cost efficiencies, which will translate to a positive impact on the Group's operational performance

- Fully funded from the proceeds of Procurri's initial public offering

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# Growth Strategies

## Working on…

1. Realigning worldwide entities to a standardised and consistent operating platform
2. Smooth integration of recent acquisition to efficiently ramp up Lifecycle Services and derive better economies of scale
3. Pursuit of M&As opportunities to reinforce recurring income streams for better earnings visibility

## … to be on track for:



Mergers and acquisitions, joint ventures and partnerships



Enhance our infrastructure to drive business growth



Pursue new opportunities with key customers and acquire new customers



Build income resilience and increase profitability

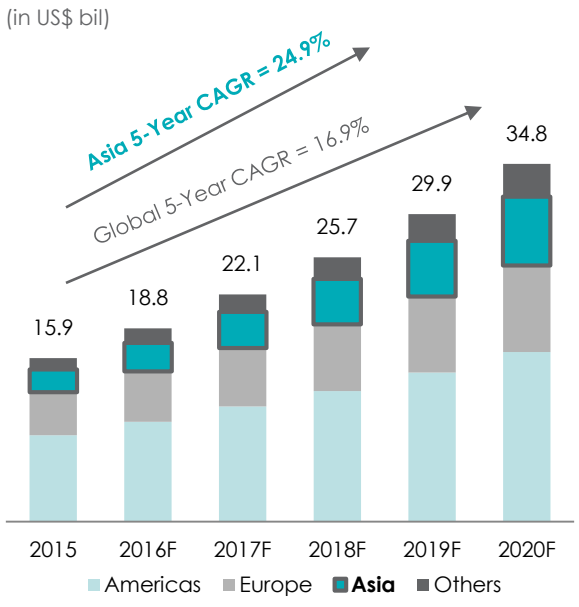
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# Growth Prospects – Riding on Promising Industry Trends

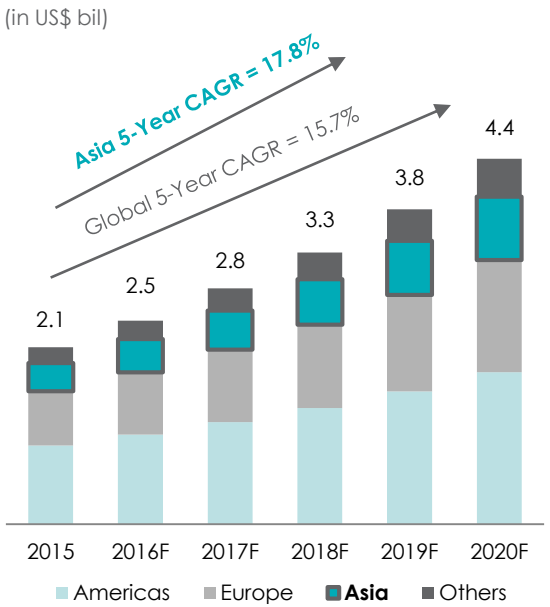
**Global Data Centre Hardware Market**
**5-Year CAGR = 11.7% (US$293 billion in 2020)**

**Global IT Maintenance Market**
**5-Year CAGR = 9.6% (US$42 billion in 2020)**

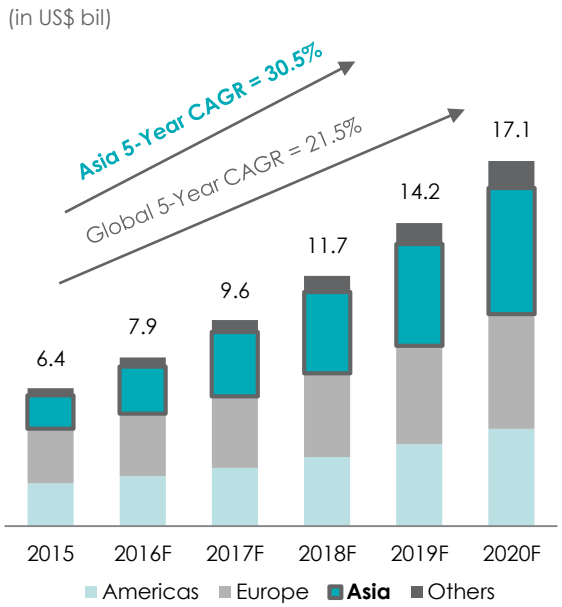
**Hardware Resale Market Revenue Forecast**




**Independent Maintenance Market Revenue Forecast**




**IT Asset Disposition Market Revenue Forecast**




**Key Drivers**

- **GROWTH OF CLOUD, E-COMMERCE & BIG DATA**
- **CAPEX TO OPEX**
- **PAY AS YOU USE, BRAND AGNOSTIC**

Source: Frost & Sullivan

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# Thank You

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# Appendix

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# IT Distribution

## Hardware Resale

- ✓ **Multi-vendor provider of data centre equipment** across all major IT brands
- ✓ **Vendor-agnostic aggregator** that matches buy and sell opportunities globally through our established network:
  - Original Equipment Manufacturers (OEMs)
  - Value-added Resellers (VARs)
  - Brokers
  - Cloud Companies
  - Maintenance Service Companies

### High Margin Hardware Resale Value Chain

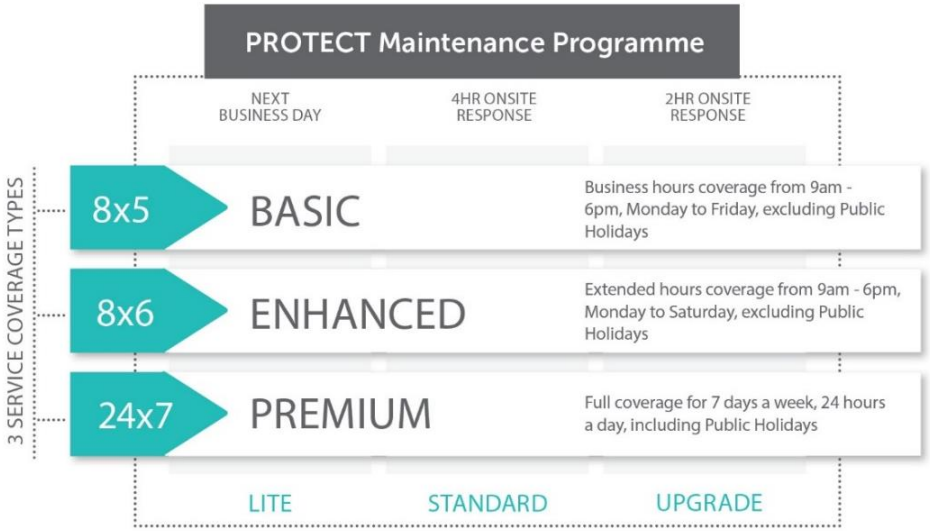
| PURCHASE | ASSESS | VERIFY | STORE | STAGE | REMARKET |
|---|---|---|---|---|---|
| • Buy equipment from channels/markets | • Test and evaluate equipment to gauge its value<br>• Advise next step – pre-resale verification, harvest parts or send for recycling | • Pre-resale verification, testing, refurbishment of resalable equipment<br>• Harvest, if any, useable parts from non-resalable equipment for Independent Maintenance Services unit or send for recycling | • Tag & inventorise resalable equipment | • Assemble equipment as per requirements<br>• Clean & pack for delivery | • Resale equipment globally<br>• Wide range of New Resale and pre-owned equipment from both current and previous generations |

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# Lifecycle Services

## Independent Maintenance Services

- ✓ Offer maintenance solutions **independent** of OEM service level agreements
  - At least **30% cost savings**
- ✓ Offer extended maintenance for products that are **out-of-warranty** or at the **end-of-life**
  - Extend the lifespan of IT assets
- ✓ **Customised** service level agreements
  - 24/7 coverage on critical assets
  - 8/6 and 8/5 coverage for less critical assets




**Key Proposition**

- SINGLE POINT OF ACCOUNTABILITY
- EXTENDED COVERAGE
- EFFICIENT PARTS PLANNING, WORLD-CLASS LOGISTICS SUPPORT
- CUSTOMISED SERVICE LEVEL AGREEMENTS
- COMPREHENSIVE SUPPORT
- SIMPLE PRICING PLAN

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# Lifecycle Services

## Hardware-as-a-Service

- **How We Enable Our Customers:**




- ✓ Pay-as-you-use model provides our customers with flexibility to scale their IT resources as required
- ✓ Reduce total cost of ownership and increasing profitability by changing the cost from CAPEX to OPEX
- ✓ Optimise the use of IT resources and systems, enhancing green IT initiatives

**Key Proposition**



STREAMLINE YOUR BUSINESS, SPEED UP OPERATIONS



LOW UPFRONT PAYMENT



DEPLOY THE LATEST TECHNOLOGY

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# Lifecycle Services

## IT Asset Disposition

- ✓ Offer refurbishment, data destruction and asset disposal
- ✓ Extend life of equipment and extract greater value for retired technology to yield greater corporate and environment sustainability
- ✓ Endorsed by the Asset Disposal & Information Security Alliance (ADISA), one of the few organisations working & accrediting companies in the secure disposal and erasure of data
- ✓ UK Operations: ISO 9001 – Quality Management & ISO14001 – Environmental Management certified



ADISA ACCREDITED DISTINCTION PROCURRI LTD AAC015

***Asset Disposal and information Security Alliance***

nqa. ISO 9001 ISO 14001 Registered — UKAS MANAGEMENT SYSTEMS 015

***ISO 9001 – Quality Management ISO 14001 – Environmental Management***

bizSAFE 3

***BizSAFE Level 3 for Workplace health & Safety***

**Key Proposition**

**ACCREDITED BY WELL-KNOWN ORGANISATION**

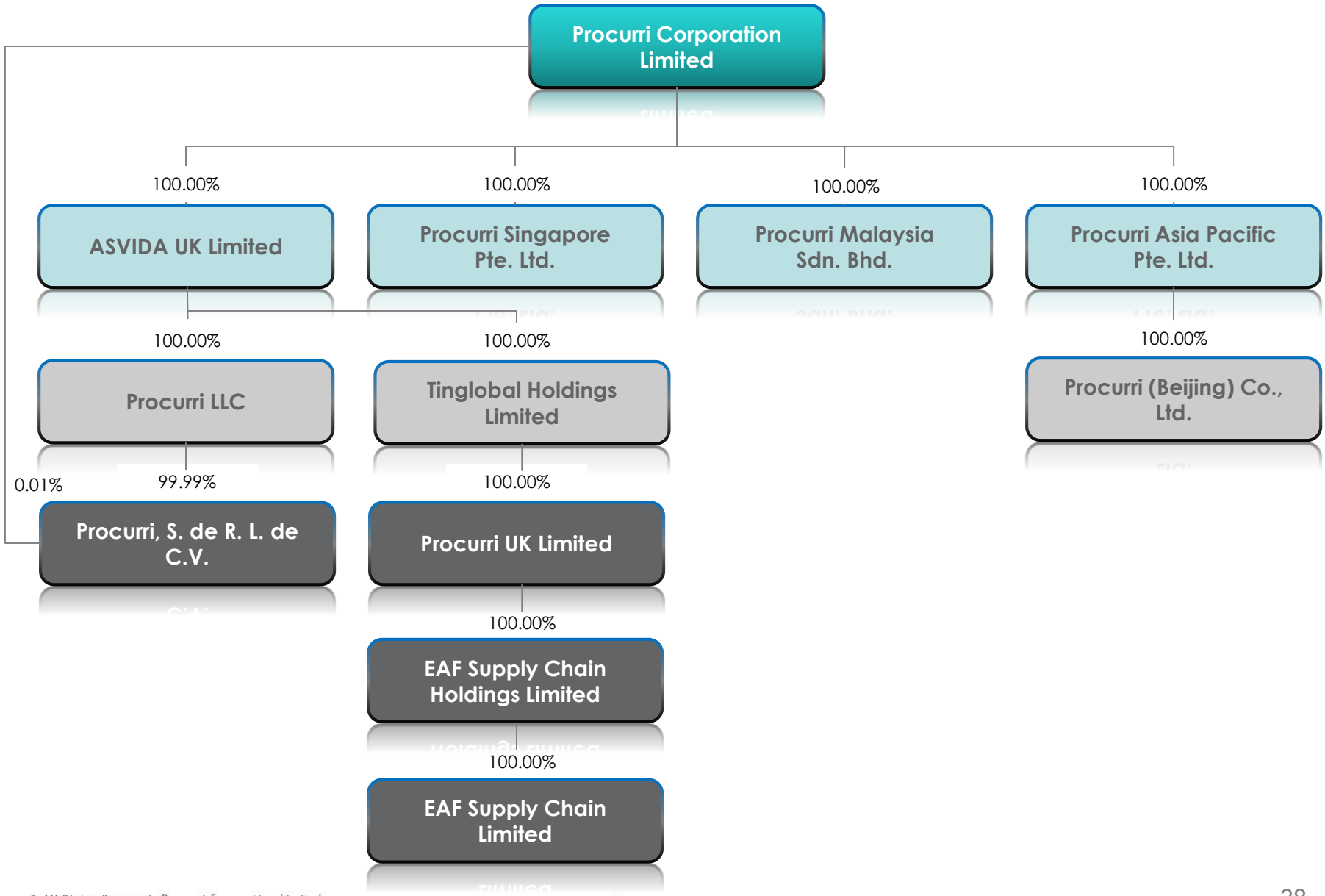
**INTERNATIONALLY CERTIFIED ERASURE STANDARDS**

**EXTENSIVE SERIES OF HARDWARE TESTS**

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# Our Group Structure

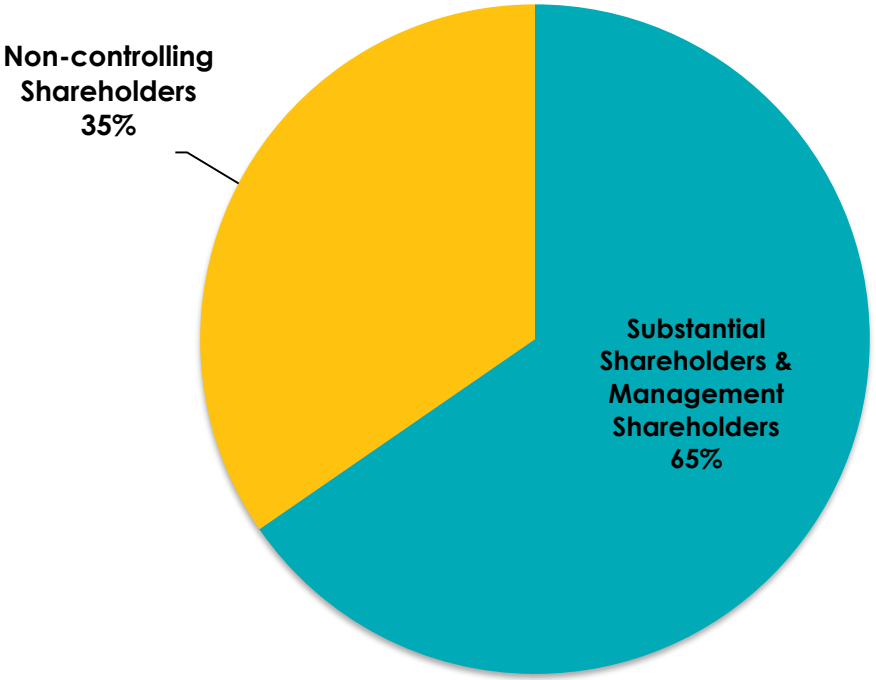
## The Procurri Group




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# Our Shareholding Structure

## The Procurri Group




**Substantial Shareholders & Management Shareholders**

| Entity | No. of Shares | % |
|---|---|---|
| DeClout Limited | 132,319,978 | 47.26 |
| Irrucorp Pte. Ltd. | 33,995,000 | 12.14 |
| Verity Solutions Pte. Ltd. | 12,870,000 | 4.60 |
| Mathew Jordan | 3,900,000 | 1.39 |
| | | **65.39** |

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